

Internal Revenue Service

Department of the Treasury

District
DirectorPerson to Contact:
Desk Officer

Telephone Number:

Refer Reply to:

Date **JUL 16 1984**
EIN: [REDACTED]*agreed*

Gentlemen:

We have considered your application for exemption from Federal Income Tax as an organization described in section 501(c) and 501(c)(4) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your specific and primary purpose is to provide maintenance, preservation and architectural control of a condominium project. Your members are bound together as homeowners of [REDACTED] condominiums that are named [REDACTED].

Information submitted with your application discloses your activities as follows:

1. You meet once a year to review expenditures, pass the budget and elect officers.
2. You maintain all outside grounds, sidewalks, parking areas and buildings.
3. You provide maintenance of residential streets, trash collection, security, police or fire protection.

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(7) Clubs organized for pleasure, recreation and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

"(4) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local association of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes."

Code	Signature	Signature	Signature	Reviewer	Reviewer	Reviewer	Reviewer
Summe	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Date	7/13/84	7/13/84	7/16/84				

Revenue Ruling 75-494, 1975-2 C.B., 214, provides that maintenance of residential streets, trash collection, enforcing restrictive covenants, and providing police and fire protection are not social or recreational activities under section 501(c)(7).

Revenue Ruling 74-17, 1974-1 C.B., 130, provides that an organization formed by the unit owners of a condominium housing project to provide for the management, maintenance and care of the common areas of the project, as defined by State statute, with membership assessments paid by the unit owners does not qualify under section 501(c)(4) of the Code. The services provided constitute private benefits not within the purview of section 509(c)(4) of the Code.

We have concluded that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(7) or 501(c)(4) of the Code.

You are required to file Federal income tax returns annually, with your district director.

You have the right to protest this determination if you believe it is incorrect. Protest instructions are contained in Publication 892 enclosed.

If we do not hear from you within the time specified, this letter will become our final determination in this matter.

If you agree to the adverse action shown above, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action, within ten days of this letter. You should retain a copy for your record.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Directors of Appeals. Your request for hearing should include a written appeal as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing.

Sincerely yours,

District Director

Enclosures:
Publication 892
Form 6018